

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2433 / September 21, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12051

In the Matter of

William J. Lennon,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against William J. Lennon (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that

1. William J. Lennon, Jr., age 38, is a co-founder of Fountainhead Fund, LP (the "Fund"). Lennon also is or was a partner and shareholder of Fountainhead Asset Management, LLC ("FAM"), the general partner of, and unregistered investment adviser to, the Fund. Before co-founding the Fund, Lennon was a registered representative with Morgan Stanley and Olde Discount Corporation from 1992 to 2001. Lennon has Series 4, 7, 8, 24 and 63 licenses. From October 2001 until July 2004, Lennon, together with his partner, Anthony P. Postiglione, Jr. ("Postiglione"), acting through the adviser, raised more than \$5 million for the Fund from at least 18 private investors.

2. On September 20, 2005, a final judgment was entered by consent against Lennon, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Postiglione, et al., Civil Action Number 04-CV-3604, in the United States District Court for the Eastern District of Pennsylvania.

3. The Commission's complaint alleged that through a series of fraudulent acts, Postiglione and Lennon, acting through FAM, obtained assets fraudulently, lulled investors into keeping assets in the Fund, and misused and misappropriated investor funds. From the inception of the Fund through the present, the Commission's complaint alleges, these individuals sent false quarterly statements and newsletters to investors, consistently overstating the Fund's value and performance. In addition, the complaint alleges that they overstated the amount of Postiglione's investment in the Fund and the Fund's performance in order to lure new investments. Finally, the complaint alleges that, in violation of their fiduciary duties to their clients, Postiglione and Lennon excessively traded several Fund securities accounts for the sole purpose of generating consideration from the brokers through which they effected the trades, in the form of soft dollar credits, which they then used for, among other things, personal living expenses. During the course of this fraud, the complaint alleges, Postiglione and Lennon also misappropriated several hundred thousand dollars in Fund assets for their personal use.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Lennon's Offer.

In determining to accept Respondent's Offer, the Commission has considered Respondent's cooperation, which included, among other things: self-reporting the on-going fraud and providing documents and information to Commission staff for use in the Commission's emergency civil injunctive action.

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Lennon be, and hereby is, barred from association with any investment adviser, with a right to reapply after five (5) years.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Jonathan G. Katz
Secretary